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CENTRAL INTELLIGENCE AGENCY
OFFICE OF CURRENT INTELLIGENCE

DAILY DIGEST

Date: APR 6 1951

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 - "A" - items indicating Soviet-Communist intentions or capabilities
 - "B" - important regional developments not necessarily related to Soviet/Communist intentions or capabilities
 - "C" - other information indicating trends and potential developments

DIA AND DOS review(s) completed.

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SECTION 1 (SOVIET)

"A" USSR. Reported Soviet Sympathy for Afghanistan's Claims on Pushtoonistan.
 US Embassy Karachi was informed by the Pakistan Foreign Secretary of a conversation between the Saudi Arabian Minister and the Soviet Ambassador in Kabul. The Saudi Arabian Minister, considered a responsible source by the Foreign Secretary, reported that the Soviet Ambassador said the USSR views sympathetically the Afghans' aspirations for Pushtoonistan on the ground of racial affinity of the tribes. The Saudi Arabian Minister then pointed out to the Soviet Ambassador that any attitude by the USSR against Pakistan on such an issue would arouse strong resentment in every Muslim country. The Pakistani Foreign Secretary added that the USSR apparently had broadened its expansionist thinking to include all the area west of the Indus River. [REDACTED] COMMENT: There has been no concrete evidence in the past of particular Soviet interest in the Afghan-Pakistan dispute, although previous unconfirmed reports have been received alleging USSR support of the Afghan demands, and Soviet complicity in stirring up the tribes. It is not unlikely that the USSR, in view of its current unfriendly propaganda policy towards Pakistan, its efforts to woo the Indian Government, and its mild attitude towards the Afghans, could have expressed its general support for the Afghan aspirations. Such a move is characteristic of Soviet tactics, aimed at promoting friction at a time when the dispute apparently has diminished, and designed as part of its general policy towards weak border countries such as Afghanistan of opening ways for possible future Soviet penetration. However, the reported Soviet attitude is not believed to reflect any immediate Soviet plans to increase activity in the area.

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"A" Soviet Influence in Manchuria. [REDACTED]

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Soviet influence is especially noticeable in railways, where there has been a considerable increase in the numbers of Soviet employees in all grades. It is known that a Soviet director controls the Peiping-Mukden line, and on various occasions countermanded orders of the Chinese co-director. Soviet accounting methods are used on all railways and Soviet advisers are in charge of bridge building and breakdown gangs. Soviet personnel are privileged to buy railway tickets in advance, while Chinese must wait in line at ticket windows. [REDACTED]

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the USSR is attempting, by instituting Soviet methods and by placing Soviet personnel in key positions on all levels, to make it difficult for the Chinese to take over eventual control of the railroads, as provided by present agreements. Industrially, Soviet "experts" appear to be interested primarily in coal mining and in the iron and steel plants. According to a German engineer at Fushun, in Germany or in England, these Soviet "engineers" would be considered merely as good mechanics. No Chinese are employed in the Soviet consular offices or residences nor are Chinese official cars permitted to enter the Soviet compound. Although

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there is some doubt regarding Soviet trade treaty commitments, it is believed that the USSR has substituted military equipment for industrial machinery. Undoubtedly, some equipment has been furnished the Mukden Arsenal, which was working day and night turning out automatic weapons and perhaps light artillery. The USSR has also supplied motor cars, motor-cycles for military use and agricultural equipment. A continued shortage of rolling stock indicates that very little or none of the equipment taken by the USSR in 1946 has been returned. COMMENT:
It is known that the USSR exercises control over the principal arteries of the Manchurian railnet, and other information substantiates source's account of the Soviet position in the area.

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"C" USSR. Transport Expenditures Boost Costs of Construction in Heavy Industry. A letter to the editors of Pravda charges that excessive transport expenditures are responsible for 16 percent of the costs of construction undertaken by the Ministry of Construction of Heavy Industry Enterprises during the first half of 1950. Unproductive use was made of automotive transport, which exceeded the planned cost by 40 percent during the first quarter of last year. Also in the first half of 1950 many main administrations and trusts of the Ministry are alleged to have uneconomically utilized railroad transport, paying fines for demurrage of freight cars. These fines were said in some cases to have reached hundreds of thousands of rubles. In July of last year the Ministry ordered a sharp cut in transport expenditures, but the order was apparently not implemented, and during 1950 the Ministry paid out about 8 million rubles in fines for demurrage of freight cars. [REDACTED] COMMENT: Transport is known to be one of the most serious weaknesses of the Soviet economy, and periodic efforts are made by the Government to obtain maximum use of railroad and other transportation, even to the point of sentencing allegedly incompetent or irresponsible officials to jail terms for infractions connected with transport. One of the basic difficulties, however, stems from the Government's own policy of overloading the transport system, with the result that proper maintenance of equipment is often impossible.

"C" EASTERN EUROPE. CZECHOSLOVAKIA. Month of Peace Inaugurated. The US Embassy Praha is of the opinion that the April "Month of Peace" demonstration in Czechoslovakia, which is concentrated on preventing the rearmament of Western Germany, is a more effective propaganda issue for Czechoslovakia than previous ones such as the atomic bomb or Korea. The Embassy notes that the Communist propagandists can probably reach a comparatively wide segment of the Czechoslovak people on the German issue, with the memories of the German occupation still vivid. A secondary objective of the "Peace Month", according to the Embassy, may be to impress the West with the strength of this movement during the Deputy Ministers' conferences in Paris. The "Month of Peace" was inaugurated throughout the country on 2 April with a Sokol (physical culture organization) parade in Praha. This was preceded by speeches of the Communist hierarchy condemning American imperialism and the aggressive remilitarization of Western Germany. [REDACTED] COMMENT: The propaganda to the Czechoslovak people directed against Germany is not without its drawbacks for the Communists, since it is doubtful that the average Czechoslovak has learned to distinguish between the "democratic" Germans of the Soviet Zone and the "reactionaries" in Western Germany.

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"B" YUGOSLAVIA. Rumored Cominformism in Yugoslav Army. Embassy Belgrade reports that in recent weeks there have been recurrent rumors of arrests of dissident Yugoslav Army officers with pro-Cominform sympathies. Although these reports have been generally vague in character, the persistence of the reports and Tito's recent outspoken references to dissident elements in the Army appear to indicate that there have been some arrests. The Embassy has learned that [redacted]

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[redacted] Tito's references to dissidence in the Army in his 17 February speech related to a "small group of five or six high-ranking Army officers who had been arrested almost six weeks ago" and that these arrests had been the subject of much discussion within the Army. Similarly, the US Consul in Zagreb in late February was told [redacted]

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[redacted] that in early February the Yugoslav Government had frustrated a plot among army officers in Zagreb and Sarajevo to overthrow the Governments of Croatia and Bosnia-Herzegovina with Hungarian assistance. The Embassy reports that no confirmation of this report is available but the timing of the alleged arrests in Zagreb and Sarajevo suggests that they may have been identical with those admitted [redacted]

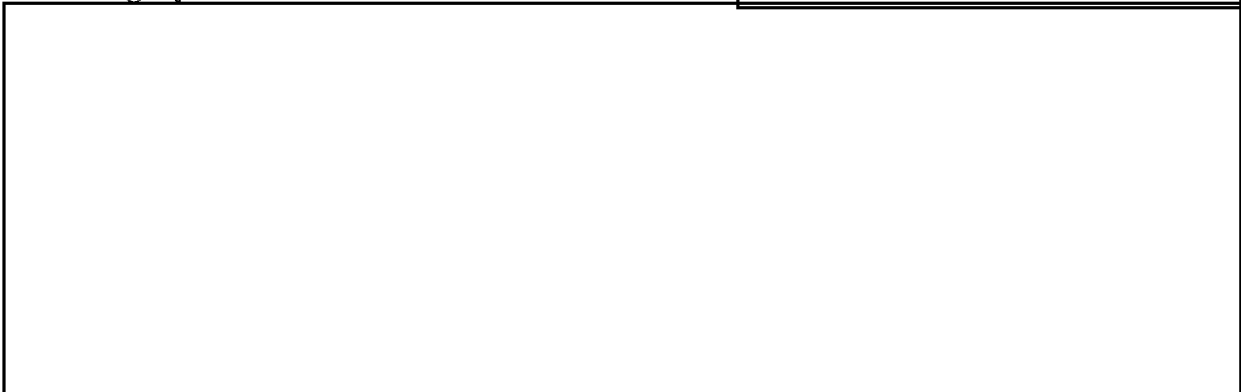
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[redacted] The Embassy, however, is of the firm opinion that the dissident elements in Yugoslavia favoring the Cominform is small and thoroughly under control by the Government. [redacted]

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SECTION 2 (EASTERN)

"B" SYRIA-ISRAEL. Border Incidents Worsen. According to an Israeli communique from Tel Aviv, Israeli Air Force planes on 5 April bombed fortified positions of the Syrian Army and of armed Arabs who the Israelis claimed had penetrated into the southern demilitarized zone (SE of Lake Tiberias) which lies within Israel. This action was allegedly taken in retaliation for the killing of several Israeli policemen the previous day. A Damascus press account reported that eight Israeli planes had attacked El Hamma, a village near the Syrian frontier within the demilitarized zone. Tel Aviv press dispatches had claimed that the Israeli policemen were killed within the demilitarized Israeli territory, but UN Deputy Chief of Staff Ridder in Jerusalem said that the Israeli police had apparently been shot just inside Syrian territory. [REDACTED]

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[REDACTED] COMMENT: This latest incident around El Hamma in the southern demilitarized zone widens the already serious border dispute between Israel and Syria. During the last few weeks both sides have disagreed as to the right of the Israelis to drain land in the central demilitarized zone just south of Lake Hule. [REDACTED]

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[REDACTED] Doubt exists as to where the Israeli police were killed. Doubt also exists as to whether actual Syrian Army troops have yet crossed the frontier as alleged by the Israelis, and it may be that armed Arab civilians, rather than Syrian regulars, seized control of El Hamma. While actual hostilities between Israel and Syria do not seem likely at the present, there is no doubt that this latest breach of the peace has established a potentially explosive situation. Domestic considerations within Israel and Syria, which is politically unstable, might force either side to aggravate the already serious border situation.

"A" INDIA. Communist Orbit Offers of Food Relief to India. The Secretary of the Indian Food and Agriculture Ministry reports that China has offered to India 500,000 tons of rice at prices below those of Burma and Thailand as well as 500,000 tons of wheat and milo at prices well below the US market price. India is preparing to send a representative to Peiping to discuss the offer. In addition, Indian Ambassador Panikkar in Peiping has informed the British Charge that he has negotiated a long-term contract for the purchase from China of 500,000 to 1,000,000 tons of grain for a six-month period beginning 1 May 1951. Panikkar inquired whether British shipping would be available to move the grain, and US Embassy London reports that the British have no objection from a political point of view. US Embassy New Delhi also states that Soviet officials are telling the Government of India that "any amount" of Soviet wheat is available for delivery to India if arrangements can be made for a barter deal. [REDACTED]

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[REDACTED] COMMENT: These reports indicate that the Communist orbit is about to wrest the initiative from the US in providing special food supplies to India and thus nullify the value to the US of its projected \$190,000,000 gift of wheat. China and the USSR have the capability to

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furnish and ship 2,000,000 tons of grain to India within the next year if they feel the effort is justified, and Communist governments in the past have demonstrated their willingness to ignore the physical welfare of their people in the pursuit of important political objectives. Favorable publicity accorded in India to recent arrivals of Chinese rice suggests that, even if China and the USSR fail to deliver more than token shipments of their newly-offered grain, the Indian press will draw critical comparisons between the desires of the Western world and the Communist bloc to prevent starvation in India.

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"B" MALAYA. Malaya to License Rubber Exports. The Malayan Government announced on 5 April that rubber exports to all countries except those of the Commonwealth and the US would be subject to license after 9 April. It was stated that the measure was aimed at "preventing unduly large quantities being sent to any country so that insufficient supplies would be available for the UK and other friendly countries". [REDACTED] COMMENT: British authorities have hitherto been unwilling to agree to an allocation system designed to reduce the heavily increased rubber exports to Communist countries, particularly Communist China, which have occurred since the start of the Korean war. The licensing order appears to be a step toward that objective.

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"C" INDOCHINA. Current Viet Minh Military Objectives Appear Limited. The French Commanding General in Tonkin expressed his belief to the US Consul in Hanoi that the enemy's principal current objective appears to be luring the French off base and destroying troops. This officer, although concerned with the continuing heavy weather, otherwise radiated optimism and anticipated no imminent major move by the Chinese Communists. Meanwhile possible lack of confidence was indicated by a Vietnamese Communist release to its general staff, [REDACTED] which stated that if the present military action was unsuccessful, the movement must return to intensified campaigns of propaganda, sabotage and destruction of French fortified works. [REDACTED]

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"C" KOREA. South Korean Popular Discontent Increases with Improved Military Situation. Ambassador Muccio reports that, as the military situation has improved, popular discontent with the extraordinary martial law which has been in effect throughout South Korea since 7 December has increased. The ROK Government has been forced gradually, and apparently reluctantly, to lift martial law on Cheju Island and in the five southernmost provinces where immediate danger obviously no longer exists. Excepted areas are certain guerrilla-infested sections, and also Pusan and Taegu. As logistical military bases the Government claims that these two cities require special protection against fifth column activity. [REDACTED]

COMMENT: While this is Muccio's first cable in some time relative to popular dissatisfaction with the South Korean Government, [REDACTED] the Government's arbitrary and dictatorial ways have aroused opposition among the people and in the National Assembly. The volume of criticism of such unpopular measures as the Government's martial law has and will continue to reflect UN military successes and failures.

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"C" JAPAN. Communist Rift Intensified by Local Elections. The rift between the principal "centrist" and minority "internationalist" factions of the Japan Communist Party is being brought into the open as a result of the local election campaign. Communist gubernatorial candidates in Tokyo, Osaka, and several other prefectures who are identified with the internationalist faction are among those who have been denied official Party backing and are running as independents. The JCP, whose headquarters is centrist controlled, is backing several Socialist candidates in an attempt to develop popular-front strategy which succeeded in electing a Socialist governor and mayor in Kyoto last year.



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SECTION 3 (WESTERN)

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"B" FRANCE. Electoral Reform Vote Reduces Chances of June Elections.
Although the narrow margin (263 to 251) by which the Assembly has tentatively approved the Government-sponsored electoral reform bill gives little ground for optimism that it will pass on the second reading, the larger majority which may be needed on that occasion is "still quite possible". The support in the Assembly on the first vote was 49 short of the absolute majority which will probably be required later inasmuch as the strongly Rightist Council is expected to reject the bill. However, 318 deputies previously approved the controversial single-ballot provision on a separate motion, and should the present bill be voted down, the existing system of proportional representation - which all but the Communists oppose - would prevail in the approaching elections. COMMENT:
Inasmuch as no other electoral reform bill could be prepared and passed in time for elections to be held before summer, the fate of this bill will probably be decided on the basis of the individual preferences of the middle-of-the-road deputies for elections in June or October. Hence an added problem for the bill's supporters will be to overcome the fears of the increasing number uncertain of their chances of reelection.

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"B" Government Plans Anti-inflationary Tariff Reductions.
Premier Queuille, in an effort to develop an anti-inflationary foreign trade policy, has assumed the chairmanship of a high-level Cabinet committee which is expected to overcome the protectionist sentiment

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of the representatives of agriculture and industry. The Government has just released a new list of tariff suspensions which had been decided on before the recent wage crisis, but, since few consumer items are included, more effective action is imperative to counter-balance the upward pressures on the price level resulting from wage revisions. [REDACTED] COMMENT: The trade liberalization policy proposed by Government leaders has met with consistent low level official opposition. It is now possible, however, that the threat of recurrent labor unrest may push the Government into a forceful attempt to implement a more extensive relaxation of its restrictive import policy.

"B" BELGIUM. Communists Sabotage Postal Communications with Belgian Korean Volunteers. According to the head of the committee urging civilian support for the Belgian contingent to Korea, the Belgian Communists have thus far effectively sabotaged communications between the volunteers in Korea and their families. The Communists have infiltrated the Ministry of Communications so that letters have been burned by Communist-influenced postmen and packages to the troops in Korea have been pilfered off the ships. The Belgian public and press have remained silent due to the reluctance of the Minister of Communications and currently Acting Prime Minister Seegers to admit this state of affairs in his Ministry. [REDACTED] COMMENT: This is the first indication of the present extent of Communist infiltration in the Ministry of Communications. Communist influence in the Government's Ministries is believed to have become negligible following the immediate postwar period. If Communist sabotage activities have been as successful as indicated for the more than four months that Belgian troops have been in Korea, it seems highly unlikely that the situation has not been leaked to the press. Furthermore, Seeger's reluctance to take action does not seem plausible in view of the Government's aggressive anti-Communist campaign, which includes the dismissal of Government employees actively combining Communist activities with their Government positions.

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"B" DENMARK. Polish Coal Deliveries Retarded. Polish deliveries of coal and coke to Denmark for March and the preliminary schedule of deliveries for April fall short of the Polish commitment to supply 200,000 tons monthly from January through October. The Danes conjecture that Poland is withholding coal and coke because of Danish failure to proceed with deliveries of 8.5 million kroner worth of automotive spare parts under the October 1950 trade agreement. Denmark has been withholding export licenses pending US opinion on the question, since the parts are of US and UK origin. Technically the Poles have no right to withhold coal exports, since the agreement makes these specifically contingent on the sale to Poland of two Danish ships, both of which have now been contracted for. The Poles, however, have reportedly indicated irritation over non-delivery of automotive parts, pressed for definite delivery schedules and hinted that coal shipments might be curtailed, and the Danes believe that if these deliveries are longer delayed the Poles will find reasons for holding up coal deliveries without specifically attributing the action to Danish failure to deliver

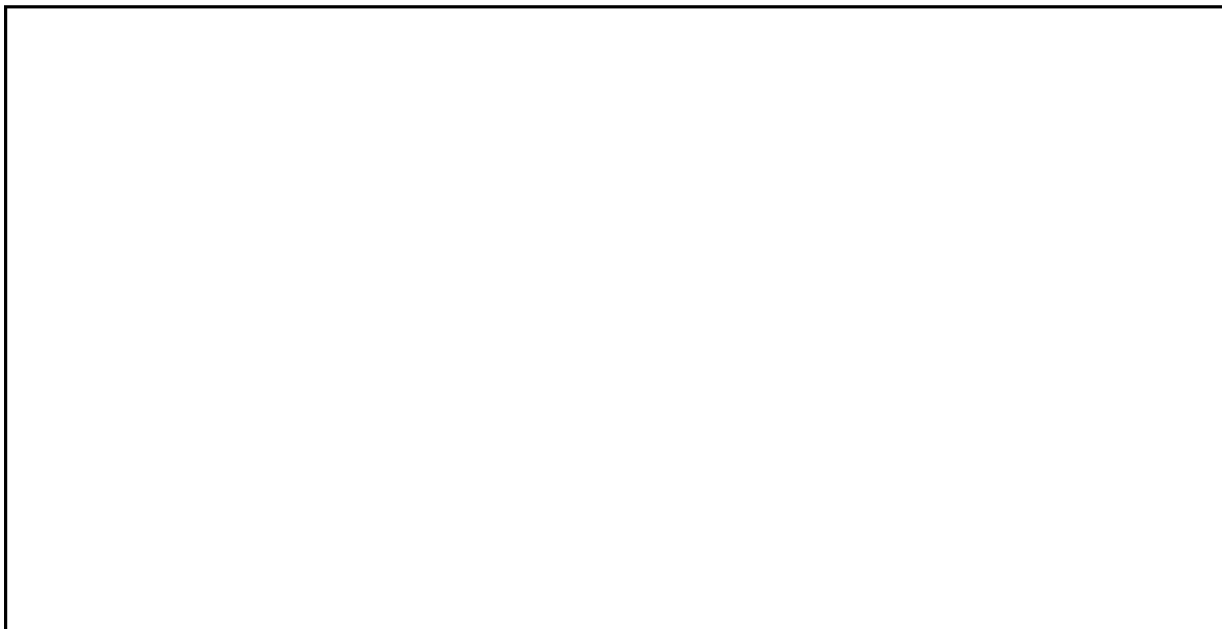
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spare parts. COMMENT: Denmark has experienced great difficulty in finding non-strategic items which the Poles will accept in exchange for coal. It is in a particularly vulnerable position since it depends almost entirely on Poland for its coal supplies and has a very limited stockpile.

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CENTRAL INTELLIGENCE AGENCY

OFFICE OF CURRENT INTELLIGENCE
DAILY DIGEST [REDACTED]

6 April 1951

SECTION 1 (SOVIET)

"A" YUGOSLAVIA. Yugoslav Demarche to Greece. Greek Prime Minister Venizelos has informed US Ambassador Peurifoy that the Yugoslav Government made a formal demarche on 3 April to the Greek Government seeking to learn the course of action Greece planned to take in the event that Yugoslavia were attacked. The Greek Prime Minister replied that Greece would presumably mobilize and assist Yugoslavia economically, but that he would have to consider the matter carefully before giving any further or definite assurances. In relating the conversation to Ambassador Peurifoy, the Greek Prime Minister implied that he wished the US to advise him regarding his reply to Yugoslavia. [REDACTED]

COMMENT: The reported Yugoslav demarche contrasts with its previous attitude, since it opens the way for military talks between the two countries. During the negotiations for the exchange of military attaches between Yugoslavia and Greece in early March, the Yugoslav Minister explained that, although the community of interests of the two countries was clear, there was no necessity to coordinate their military preparations, since this could be accomplished in a short time when the occasion arose [REDACTED]. The Yugoslavs have, therefore, been extremely careful to avoid any action which would appear to justify Cominform charges that the Tito regime and the Greek "Monarcho-Fascists" were coordinating their military plans. The demarche may, therefore, represent increased Yugoslav apprehension regarding the possibility of a Soviet/Satellite attack. The Greek Premier probably hopes that the reported Yugoslav approach will further Greek attempts for military collaboration with Yugoslavia.

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"B" "Liberation" of Tibet. Peiping radio on 31 March broadcast a message from the "Chinese Army in Tibet," quoted as informing Peiping of their preparations to "liberate the whole of Tibet..." [redacted]
COMMENT: The above broadcast--possibly timed to coincide with the arrival of the Tibetan delegation to Peiping--clarifies the reported statement of Premier CHOU En-lai [redacted] that the Tibetan question has already been "settled." The broadcast is additional evidence that what has been "settled" is that Chinese Communist forces are to occupy Tibet, either by agreement with the Tibetan delegation or through a resumption of the military operation launched last October.

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"B" KOREA. ROK Interest in Extending Administration North of the 38th. Ambassador Austin has learned from UN sources of a recent call paid by the ROK Prime Minister to the Turkish chairman of UNCURK (United Nations Commission for the Unification and Rehabilitation of Korea). The Prime Minister inquired relative to UNCURK's position on the question of administering North Korean territory which may be liberated in the future, and he expressed the wish that UNCURK would agree that the ROK has the right to appoint local administrators and to insure public order through the use of ROK police. The Chairman was non-committal but took the position that the liberated areas should be under military administration. [redacted]
COMMENT: A similar problem arose when UN Forces advanced into North Korea last October. This is the first notice this year, however, of renewed ROK interest in administering liberated North Korean territory. The Prime Minister's inquiry is a further indication of the ROK Government's determination to eradicate the 38th Parallel as a political boundary and to extend its authority to the Yalu River.

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SECTION 3 (WESTERN)

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